Corporate Credit Rating

☐New ☒Update

Sector: Automotive Industry
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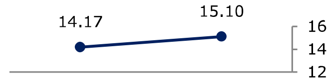
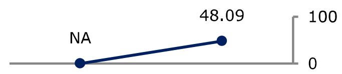
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**AAA (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*

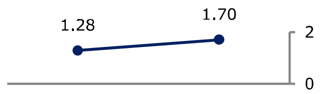
EBITDA Margin (%)



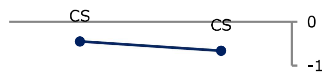
ROAE (%)



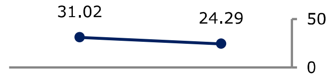
Current Ratio (x)



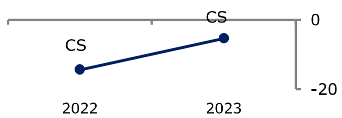
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



CS: Cash Surplus
NA: Not Applicable

Tofaş Türk Otomobil Fabrikası A.Ş.

JCR Eurasia Rating, has evaluated **"Tofaş Türk Otomobil Fabrikası A.Ş."** in the investment level category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at '**AAA (tr)**' and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks of the Company were assigned as **'BB/Stable** according to JCR-ER's national-global mapping methodology.

"Tofaş Türk Otomotil Fabrikası A.Ş." (hereinafter referred to as **"Tofaş"** or **"the Company"** or **"the Group"**), was established in 1968 and main operating field of the Company is manufacturing, and trading of 'FIAT' brand personal cars (PC) and light commercial vehicles (LCV) in domestic and export markets. The Company conducts production and sales of sedan (SD), hatchback (HB), station wagon (SW) and cross models of 'Fiat Egea/Tipo' family, while 'Fiat Fiorino' model's production terminated as of July 2024 and new model 'K0' production started as of 4Q2024. Production plant, located on a surface area of 1,000,000 m², 350,000 m² of which is enclosed in Bursa. Additionally, the Company is the distributor of six global automotive brands which are Fiat, Fiat Professional, Alfa Romeo, Jeep, Maserati, Ferrari in Türkiye. The shareholders of the Company are Koç Holding A.Ş. (37.62%), Koç Group Companies and Koç Family members (0.23%), Stellantis N.V. (37.86%), and rest of the shares (24.28%) have been traded on Istanbul Stock Exchange (BIST) since 1991 under ticker-name of 'TOASO'.

Tofaş ranked 11th in the 'Türkiye's Top 500 Industrial Enterprises 2023' list of Istanbul Chamber of Commerce (2022: 10th) and ranked 22th in the 'Türkiye's Top 1000 Exporters 2023' survey of Türkiye Exporters Assembly (2022: 11th).

As of December, 2024, the Company has 4,593 employees (3Q2024: 5,286, FYE2023: 6,025).

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Continued increase of high-level equity contribution, albeit sizeable dividend distributions and despite low level of paid-in capital, • Solid leverage and coverage metrics through cash surplus position in reviewed periods, despite slight attrition in 3Q2024, • Robust liquidity metrics through satisfactory net working capital and notable cash balance in the reviewed periods, • Insignificant level of doubtful receivables, thanks to collateralized structure, • Expected contribution to revenue stream with new model production investments and extended contract for 'Egea/Tipo' production, while awaiting approval from the Competition Board for distribution rights of other Stellantis brands, • Continuous market leader position in the domestic market for over 5 consecutive years in LV segment via solid brand recognition, despite the decline in market share in 3Q2024 as a reflection of intense competition, • Compliance with the corporate governance practices as a publicly traded company, • Sustained presence in the sector and distinguished partnership structure including Koç Holding and Stellantis.	• Contraction in sales revenue, volume and profitability margins in 3Q2024, due to challenging conditions in domestic and export markets, • Ceased production for specific models mainly due to product transition process caused negative FOCF in 3Q2024, and idle capacity which may continue for a certain period of time, • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'AAA (tr)'**. The Company's satisfactory equity composition, solid leverage and coverage metrics, robust liquidity metrics with satisfactory net working capital and ample cash balance, insignificant level of doubtful receivables, expected contribution to revenue stream with investments, despite challenging sectoral developments continuous market leader position in the domestic market with solid brand recognition, compliance with the corporate governance practices and sustained presence in the sector with distinguished partnership structure including Koç Holding and Stellantis have been evaluated as important indicators for the stability of the ratings and the outlooks for the Long and Short-Term National Issuer Credit Ratings are affirmed as **'Stable'**. The Company's profitability figures, demand and global market conditions both on domestic side and abroad, indebtedness, liquidity profile, cash flow figures, equity structure and the possible impacts of the global macroeconomic policies on Türkiye's economy and its effects on the Company's activities will be continued to be monitored.